

Message Text

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ORIGIN EB-08

INFO OCT-01 AF-10 ARA-10 EA-10 EUR-12 NEA-10 ISO-00
AGRE-00 CEA-01 CIAE-00 COME-00 DODE-00 FRB-03
H-01 INR-07 INT-05 L-03 LAB-04 NSAE-00 NSC-05
PA-01 CTME-00 AID-05 SS-15 STR-06 ITC-01 TRSE-00
USIA-06 PRS-01 SP-02 SOE-02 OMB-01 DOE-11 /141 R

DRAFTED BY EB/OT/STA:JSSPIRO:LPP
APPROVED BY EB/OT:SEAHMAD
TREASURY:JRAY
TREASURY:PEHRENHAFT(DRAFT)
E:JWILSON
EA/PHL:JSARTORIUS
STR:KALLEMAN

-----005242 131200Z /23

R 122209Z JAN 78
FM SECSTATE WASHDC
TO AMEMBASSY MANILA
INFO AMEMBASSY TOKYO
AMEMBASSY BOGOTA
AMEMBASSY BUENOS AIRES
AMEMBASSY BRASILIA
AMEMBASSY CARACAS
AMEMBASSY MEXICO
AMEMBASSY MONTEVIDEO
AMEMBASSY NEW DELHI
AMEMBASSY PORT OF SPAIN
AMEMBASSY SEOUL
AMEMBASSY SANTO DOMINGO
AMEMBASSY TAIPEI
AMEMBASSY VALLETTA

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E.O. 11652:N/A
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TAGS: ETRD, RP

SUBJECT:RP STEEL COMPANY SEEKS LDC EXEMPTION FROM U.S.
TRIGGER PRICE MECHANISM

REF: (A) MANILA 537 (NOTAL), (B) MANILA 321 (NOTAL)

1. REFTELS REPORT ON INQUIRIES BY PRESIDENT OF PHILIPPINE NATIONAL STEEL CORPORATION EDUARDO RODRIGUEZ AND DEPARTMENT OF FOREIGN AFFAIRS ASSISTANT SECRETARY FOR ECONOMIC AFFAIRS PABLO SUAREZ REGARDING THE POSSIBLE EXEMPTION FOR CERTAIN LDCS FROM THE U.S. TRIGGER PRICE MECHANISM. RODRIGUEZ ARGUED THAT USE OF JAPANESE COSTS OF PRODUCTION TO ESTABLISH TRIGGER PRICES WILL PREVENT LDC PRODUCERS FROM UNDERSELLING ESTABLISHED FOREIGN SUPPLIERS IN U.S. MARKET, AN ELEMENT THEY DEEM IMPORTANT TO A SUCCESSFUL MARKET ENTRY STRATEGY.

2. THE EMBASSY MAY INFORM RODRIGUEZ AND SUAREZ THAT THE U.S. IS NOT CONSIDERING EXEMPTING ANY SUPPLYING COUNTRIES FROM THE TRIGGER PRICE MECHANISM. BY PROVIDING FOR RAPID ACTION BY THE TREASURY DEPARTMENT UNDER U.S. ANTI-DUMPING LAW, THE TRIGGER PRICE MECHANISM IS INTENDED TO PREVENT UNFAIRLY LOW PRICED STEEL IMPORTS AND TO AVOID THE IMPOSITION OF QUANTITATIVE RESTRAINTS.

RODRIGUEZ'S PROPOSAL WOULD UNDERMINE THE OBJECTIVE OF THE TRIGGER PRICE MECHANISM AND, AS THE EMBASSY CORRECTLY POINTED OUT, RECOGNIZE DUMPING AS A LEGITIMATE MARKET STRATEGY FOR THE LDCS. WHILE WE ARE HAPPY TO EXPLAIN IN DETAIL THE TRIGGER PRICE SYSTEM TO GOP OFFICIALS, WE WOULD SUGGEST THAT FORMAL APPROACHES TO THE USG ALONG THE LIMITED OFFICIAL USE

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LINES SUGGESTED BE DISCOURAGED BECAUSE WE WOULD BE UNABLE TO OFFER THE GOP ANY SATISFACTION. RODRIGUEZ AND SUAREZ CAN BE TOLD THAT THE PHILIPPINE NATIONAL STEEL COMPANY SHOULD PROCEED WITH THEIR EXPORTS TO THE U.S. AS PLANNED IF THEY CAN JUSTIFY THEIR PRICES ON THE BASIS OF COSTS BELOW THE JAPANESE COSTS IN THE EVENT OF AN ANTIDUMPING INVESTIGATION.

3. CABLES ON THE TRIGGER PRICE MECHANISM ARE BEING REPEATED TO MANILA AND ADDITIONAL INFORMATION IS BEING AIR POUCHED.

4. INFO ADDRESSEES MAY DRAW ON PARA 2 IF HOST COUNTRY OFFICIALS RAISE POSSIBILITY OF SPECIAL TREATMENT FOR LDCS UNDER TRIGGER PRICE SYSTEM. CHRISTOPHER

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Message Attributes

Automatic Decaptioning: X
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Concepts: STEEL, STEELS, PRICES
Control Number: n/a
Copy: SINGLE
Draft Date: 12 jan 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
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Original Classification: LIMITED OFFICIAL USE
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Original Previous Classification: n/a
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Reference: 78 MANILA 537, 78 MANILA 321
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Review Content Flags:
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TAGS: ETRD, RP
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